

6 JUN 1980

MEMORANDUM FOR: Acting Deputy Director for Administration

FROM: James H. McDonald
Director of Logistics

SUBJECT: Planning in the Directorate

REFERENCE: Mult adsee memo from DD/A, dtd 15 May 80,
same subj (DD/A 80-0427/1; OL 0 2302)

1. The reference includes a "strategic question," followed by a request for the Office of Logistics (OL) to identify strategic objectives, and then provides guidance concerning the tracking of objectives and their integration into the budgetary and MBO processes. The OL needs and supports this integrated approach; we need effective management as our future challenges are massive, involving the effect of reduced funds for capital investment, the necessity for energy and materiel conservation, the need for more effective information handling systems, and the requirement to utilize our personnel in a more productive manner.

2. The inability to achieve increased productivity through capital investment, escalating energy and materiel costs, combined with reduced budgets, inflation, and level or reduced personnel strengths, may combine such that a reduction of services is inevitable. These trends toward capability limits are some of the motivating factors for OL to plan, manage, and communicate differently than in the past and to design and implement information handling and control systems to cope with the concepts of efficiency, productivity, and scarcity--scarcity being a condition where demands exceed resources and capabilities. In the not-too-distant past, when resources were available to quickly expand capacity to meet demands, the emphasis was on responsiveness rather than efficiency. The future trend is for limited assets to operate efficiently and productively and then to truncate demands to meet capacity, with the future representing a much more complex and challenging managerial

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task over the more affluent days of the past. To limit services, to reduce requirements for support, and to be less responsive to select demands will require effective managerial skills, leadership, and communications. Better ways of doing things must be found, increased intra- and inter-Agency sharing of logistical support will be necessary, and improved planning and materiel management systems must be implemented. Support capabilities and capacities must be identified, standards established, and productivity monitored. Personnel will have to be motivated, innovative, and flexible. In this atmosphere, strategic planning is nonnegotiable. Recognizing the importance of strategic planning, the OL has been working over the past several months on a five-year plan, with the objective of creating a plan that is in step with your ultimate objectives of an integrated system that includes plans, budgets, and MBO's or other management systems. When completed, the five-year strategic plan will meet all the requirements of your 15 May request, because strategic objectives will be a subset of data that is identified in the plan. Because the plan is of prime importance to this office, several days in July are being set aside for division and staff chiefs to join the D/L, DD/L, and EO/OL in dedicating their thoughts to this project, with the finalized plan scheduled to be available in late July or early August. In the interim, as discussed between the Chief, Plans and Programs Staff, OL, and the Chief, Management Staff, DDA, the attached represents one OL strategic objective that is responsive to the strategic question of paragraph 3 of the reference. The objective is concerned with the Logistics Materiel Management System, a computerized control and Management Information System; and, of course, this one objective will also be included in the five-year plan.

3. We look forward to the opportunity to get back with you when the plan is complete and work out the reporting mechanism for those objectives you wish to track.


James H. McDonald

Attachment

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Distribution:

O+/- Adsee

- 1 - OL Files
- ① - P&PS/OL (Official)
- 1 - P&PS/OL (Chrono)
- 1 - D/L Chrono

OL/P&PS/ (3 June 80)

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STRATEGIC OBJECTIVE

Logistics Materiel Management System

1. Generalized Strategic Goal

The Office of Logistics, as any service organization, must provide the correct goods and services, in the right amount, at the correct place, and in the required time frame. Constrained resources, both money and personnel, influence OL's ability to provide dedicated attention to requirements. Although centralization and standardization give better overall organizational efficiency, response at the individual or project level often degrades as organizational size and centralization increase. The paramount strategic goal is to best balance the responsiveness of specialization and dedication with the efficiencies of centralization and standardization. This balance will be achieved through management and control systems that recognize and react to resource constraints, to service requirements and to operational efficiency, effectiveness, and productivity.

2. Specific Objective

Past computerization of the Agency's materiel management and control and associated functions has given birth to numerous stand-alone computer systems. These systems have proliferated to the extent that most major consumers of the logistics resource have their own dedicated system. Concurrently, the OL systems have become too limited and additional applications cannot be incorporated in a time or cost effective manner. Although the OL managerial and control systems are responsive, they are not tuned by the application of modern information handling techniques to insure that efficiency, flexibility, responsiveness and productivity are maximized against resource constraints and support requirements. To meet the objective of maximum productivity, flexibility and efficiency, a logistics materiel management system must be defined and developed. The system must include or communicate with materiel management systems in offices throughout the Agency, must communicate with GSA and Department of Defense supply systems, must integrate and streamline supply, procurement and financial requirements, and must provide the data for a flexible management information system.

The management information system must be tiered to address both operational and strategic decisions.

3. Planning Assumptions

Resources will be available to implement the system that is ultimately recommended through joint OL/ODP participation.

c. Major organizational customers

The Agency benefits from an effective supply/procurement/financial/support system, as does the Agency's suppliers. Twenty-six stand-alone support systems could/should be affected, along with major DDA systems (GAS, CONIF, FARS, ICS, etc.) Supply and Procurement Divisions within OL will be affected greatly, with substantial interface requirements with the OF.

d. Implementation date

System specifications completed by summer of 1981.

e. Preliminary estimate

An estimate is premature until requirements are defined, finalized, and approved. Approval is scheduled for summer of 81. Based on GAS and PERSIGN development costs, assuming the system is produced with Agency resources, an order of magnitude of effort would be in the ballpark of a team averaging 20 people taking 2 to 3 years at a total personnel and machine cost of about \$3 million. The ODP would provide the estimate when the scope becomes more defined.

DD/A 80-0427/1

15 MAY 1980

MEMORANDUM FOR: Director of Communications
Director of Data Processing
Director of Finance
Director of Logistics
Director of Medical Services
Director of Security
Director of Training
Chief, Information Services Staff, DDA

FROM: Don I. Wortman
Deputy Director for Administration

SUBJECT: Planning in the Directorate

1. I think it important that we bring into sharper focus, at my level, the several types of planning that we do in the Directorate. Having done this, I also think that we should go on and link our planning process with the Agency's budget process.

2. In bringing a sharper focus to our planning system, it seems to me that we need to do two things:

- Introduce the concept of strategic objectives where they do not now exist; and
- Integrate strategic objectives into our existing MBO process.

Strategic objectives are defined, for our purposes, to be:

Those objectives that must be accomplished in order to assure that support services required by Directorate customers in the future will be available in a timely, responsive, and cost-effective manner.

Several of you are and have been working towards MBOs that meet this definition--others of you either are but not to a significant enough degree, or are not at all. I want to inject a greater degree of uniformity in the way we plan for the future. In the process I want us to identify, talk about, and agree on what it is we want to be during the period 1982-1986--in terms of the services we make available to our customers and how we go about getting there in a timely, responsive, and cost-effective manner.

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3. I ask each of you the same "strategic question":

If we--the Administration Directorate--are to provide timely, responsive, and cost-effective support to our customers in the 1982-1986 time frame, what initiatives must we begin to plan for and implement--and at what cost--to ensure that we will have the requisite skills, usable technology, capacity, and organization in place and available when they are required?

It seems to me that your responses to this question are fundamental to our very being and therefore deserve our most thoughtful consideration. I recognize some of the dilemmas posed by this question, such as:

- Our customers don't know what services they will need in the next two to seven years;
- Our customers want everything available and then some; and
- I and my customers agree on strategic objectives but budget decisions are not consistent with them, e.g., SKYLINK expansion.

Notwithstanding these and other difficulties, I think we need to take a good hard shot at stepping out of the present and taking the best look possible at what the near and mid-term future is going to look like, in terms of the services we provide and the manner in which we provide them, both quantitatively and qualitatively.

4. In addressing this "strategic question," we all need to make certain assumptions about the future. Each of you should work within the following assumptions, in addition to whatever other assumptions you require for your unique circumstances:

- a. You will not have available more workyears--full-time permanent, temporary/part-time, indigenous, et al, than are presently available to you;
- b. Nonpersonal services funds, in real purchasing power terms, will not increase more than 1 percent or so per year through 1985;
- c. No reduction can be expected in the growth of demand for Directorate services; and
- d. Support officers stationed in the foreign field will decrease at the rate of 5 percent per year, except for Communications personnel, who will decrease at the rate of 1 percent per year.

5. In responding to my question in paragraph 3 (i.e., the identification of your strategic objectives), I would ask that each of you provide at least the following information with each strategic objective identified:

- a. A statement of the objective;
- b. All planning assumptions related to each objective;
- c. The major organizational customer(s) associated with each objective;
- d. The preliminary implementation date for the strategic objective; and
- e. A preliminary estimate of workyear and nonpersonal services resources required, by year, to implement the strategic objective.

In instances where the strategic objectives you identify are currently MBOs, so indicate, but provide the above information anyway.

6. Upon receipt and review of all proposed strategic objectives, we will talk about and agree on those that are truly fundamental and identify them for reporting and tracking at the Directorate level. For each objective selected, you will then need to take a second and closer look at estimated costs and develop an implementation plan, complete with significant observable events, that I can track. This should be a reasonable straightforward process for your unilateral objectives. For joint strategic objectives, on the other hand--those in which more than one DDA office or another Agency component has a strong interest--you will need to coordinate your planning efforts so that, at the Directorate level, we are tracking one unified objective.

7. Once we have completed this effort, we will be using the quarterly MBO conferences to track two types of objectives:

- Those that are current-interest in nature; and
- Those that are strategic in nature.

Having linked both classes of objectives within the existing MBO process, we will go on to link these with a program evaluation program and further with the Agency's budget process. We will treat the implementing details later.

8. I will leave to each of you the development of and putting in place the office-level planning and tracking mechanisms necessary to ensure that you can report your progress and accomplishments--unilateral and joint--to me in a meaningful way. I will also expect that significant and continuing coordination will be effected between offices where joint interests have been identified.

9. Please submit the requested information to the Management Staff by 13 June 1980. [redacted] is available to discuss this subject with you as necessary. I anticipate that we will be working towards tracking Directorate strategic objectives during this fiscal year.

[redacted]
Don I. Wortman

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